NOTICE OF PREPARATION (NOP) SCOPING DOCUMENT
PROPOSED ELLWOOD MARINE TERMINAL LEASE RENEWAL
ENVIRONMENTAL IMPACT REPORT (EIR)
(Industrial Lease PRC 3904.1)
July 14, 2004

1. Project Objective

Venoco, Inc. (Venoco) is a privately held, independent oil and gas company that is seeking approval from the California State Lands Commission (CSLC) to renew its lease (Lease PRC 3904.1) for an additional 10 years (until February 28, 2013). This would allow Venoco to continue operating the Ellwood Marine Terminal (EMT), a crude oil marine loading terminal and associated storage facility.

2. Project Location

The lease (PRC 3904.1) proposed for renewal is a block of land extending offshore some 2600 feet, near the City of Goleta. The offshore portion of the EMT is located in that block and consists of an irregular six-point mooring system in approximately 60 feet of water with associated pipeline and subsea hoses (Figure 1). Associated onshore components are located adjacent to the Pacific Ocean, 0.75 mile northwest of Coal Oil Point, Santa Barbara County, California, approximately one mile west of the intersection of Storke and El Collegio Roads in the City of Goleta. The onshore components are located on land leased from the University of California at Santa Barbara.

3. Lease History

The CSLC first issued a lease (PRC 3904.1) for the existing marine terminal and pipeline to Signal Oil and Gas Company beginning February 28, 1968, for a period of 15 years, with the right to renew the lease for three additional periods of 10 years each. That lease was subsequently terminated and a new lease was issued to Aminoil, Inc., for a 10-year period beginning March 1, 1983, with two renewal options of 10 years each. The lease was then assigned to various entities, and on July 11, 1997, the Commission approved the assignment of the lease to Venoco. Venoco has notified the CSLC that it wishes to exercise its last 10-year lease renewal option, as provided in the lease, until February 28, 2013. As defined in the State CEQA Guidelines section 15378(a)(3), the proposed Project is the renewal of the lease for the offshore component of the EMT.

4. Description of Proposed Project

The EMT handles all of the oil production from the South Ellwood Field. Oil is transported from Platform Holly in State waters through a subsea pipeline to the Ellwood Onshore Facility (EOF) for processing. Once processed, Venoco sends the oil to the EMT through the common carrier Exxon-Mobil Pacific Onshore Transfer Pipeline (Line #96). At the EMT, the oil is first stored in two onshore tanks and is then pumped into a pipeline for loading into a dedicated barge. The terminal has an average barge loading rate of 4,200 barrels (bbls) per hour with a maximum barge capacity of a total of 56,000 bbls. Venoco typically loads a barge two to three times per month with 55,000 bbls of crude oil per load. The oil is then transported to refineries in the Port of Los Angeles area.

The offshore facilities consist of: (1) a catenary shaped six-point mooring system (anchored buoys) located at an approximate water depth of 60 feet, 2,600 feet from shore; (2) two additional buoys (one 30-inch-diameter sphere buoy marking the end of the pipeline and one hose-end marker buoy); (3) a 10-inch-diameter marine loading pipeline that extends from the beach to the mooring area; and (4) an 8-inch-diameter, 240-foot long rubber hose connected to the offshore end of the pipeline.

The onshore portion of the facility begins at the shore end of the 10-inch pipeline, which connects to a 12-inch-diameter pipeline that extends to the upland tanks. The upland (onshore) portion of the EMT includes the onshore oil loading line, two 65,000 bbl (normal capacity) crude oil storage tanks, a pump house, a 10,000 bbl firewater tank, and a 2.375-inch-diameter water supply pipeline (Figure 1).

The CSLC's leasing jurisdiction over the EMT extends to the ordinary high water mark. The CSLC's regulatory jurisdiction extends to the first valve outside the containment surrounding the two onshore tanks. The two tanks are integral components of terminal operations. The EIR will address EMT facilities and operations, including the transport of crude oil to Ports in Los Angeles.

5. Permits and Permitting Agencies

According to the Applicant, Project facilities are currently in compliance with all applicable regulatory requirements. Local, state and federal agencies that have permits or approvals associated with existing operations, and that have, or may have, approval or oversight over aspects of the proposed Project, include the agencies listed below:

- California State Lands Commission (CEQA Lead Agency)
- California Coastal Commission
- California Department of Fish and Game, OSPR
- California State Fire Marshall
- Central Coast Regional Water Quality Control Board

- City of Goleta (Franchise Agreement for Line #96)
- Santa Barbara County (Ordinance 2919)
- Santa Barbara County Air Pollution Control District (Permit to Operate 8232)
- University of California, Santa Barbara
- U.S. Army Corps of Engineers

6. SCOPE OF EIR

Pursuant to the State CEQA Guidelines section 15060, the CSLC staff conducted a preliminary review of the proposed Project. Based on the potential for significant impacts, an EIR was deemed necessary. Issues to be discussed in the EIR are provided below. The EIR will also consider alternatives to the project including the No Project Alternative, as required by the CEQA. Additional issues and/or alternatives may be identified at the public scoping meeting, in written comments, or as part of the EIR process. We invite comments and suggestions as to the following significant impacts that are proposed to be addressed in the EIR.

6.1 Potentially Significant Impacts to be Addressed in the EIR

The CSLC, acting as Lead Agency under the CEQA, has determined that: (1) there is a reasonable possibility of an oil spill occurring from the operation of the EMT off-shore loading facilities during the 10-year lease renewal period; (2) such an oil spill could have a significant effect on the physical environment; and (3) other aspects of the project's operations could also have a significant effect on the environment.

Also provided is draft, proposed "Significance Criteria" (based on previous analyses of marine terminals and offshore loading facilities for which the CSLC has been the Lead Agency) that could be applied to each impact area. We invite comments and suggestions on these criteria.

6.1.1 Visual Resources/Light and Glare

The area in which the EMT is located is surrounded by wetlands, open space, and the beach/ocean and is considered scenic by local residents and visitors. The onshore facilities are fairly well shielded by vegetation from most public views. The offshore buoys are also fairly unobtrusive. However, individuals may be sensitive to the visual impact of the barge and its associated tugboat when they are moored at the EMT. In addition, lighting is present at the upland facilities (primarily around the pumphouse) as well as on the barge and tugboat.

Significance Criteria

Visual impacts are considered significant if one or a combination of the following apply:

- The project is inconsistent with public policies, goals, plans, laws, regulations or other directives concerning visual resources;

- Routine operations and maintenance visually contrast with or degrade the character of the viewshed;

- The project results in a perceptible reduction of visual quality, lasting for more than one year that is seen from moderately to highly sensitive viewing positions. A perceptible reduction of visual quality occurs when, for a highly sensitive view, the visual condition is lowered by at least one Visual Modification Class (VMC); or for a moderately sensitive view, the condition is lowered by at least two VMCs; or

- Night lighting would result in glare conditions affecting nearby residences.

Because of the time factor involved in oil dispersion, visual impacts from spills are considered to be significant (Class I i.e. a significant adverse impact that remains significant after mitigation) if first response efforts would not contain or cleanup the spill, resulting in residual impacts that would be visible to the general public on shoreline or water areas. If a spill occurs that would be contained and cleaned during the first response, that spill would be considered a less than significant (Class II i.e., a significant adverse impact that can be eliminated or reduced below an issue's significance criteria) impact.

6.1.2 Air Quality

The EMT is monitored by the Santa Barbara County Air Pollution Control District (SBCAPCD). The most frequent complaints involve odor events associated with loading of the barge Jovalan. However, although the SBCAPCD has worked with Venoco to reduce the potential for odor events, they continue to receive complaints regarding odor problems from the site. The EIR will analyze:

- The sources of emissions that would be associated with the project, the types and amounts of different pollutants that could be emitted, and the duration of the impact;

- Increases in emissions from projected barge traffic and best estimate of throughput; and

- Potential impacts and mitigation measures associated with odor and toxic air contaminant emissions.

Significance Criteria

The air quality impacts of the Proposed Project would be significant if the EMT does not comply with the terms of its Permit to Operate granted by the SBCAPCD. Non-permitted emissions could have a significant, adverse impact if they:

- Contribute to an exceedance of localized Carbon Monoxide (CO) emissions in excess of the State Ambient Air Quality Standard i.e., 20 parts per million (ppm) for 1 hour (a single event or release) or 9 ppm for 8 hours (a continuous release);

- Result in emissions which exceed the following emission thresholds:
  - Reactive Organic Gases (ROG), 15 tons/year, 80 lbs/day,
  - Nitrogen Oxides, 15 tons/year, 80 lbs/day, and
  - PM_{10} Particulates (suspended particulate matter 10 microns or less in diameter), 15 tons/year, 80 lbs/day;

- Allow uses that create objectionable odors that would be considered a nuisance under SBCAPCD Rule 303, or exceed the offsite concentrations identified in SBCAPCD Rule 310;
- Expose sensitive receptors (including residential areas) or the general public to substantial levels of toxic air contaminants or objectionable odors; or
- Potentially result in the accidental release of acutely hazardous air emissions.

6.1.2 Biological Resources

Onshore sensitive biological resources include coastal scrub and marsh environments along the onshore pipeline route; wintering and breeding habitat of the western snowy plover, a federally listed threatened species; and Devereux Slough, an Environmentally Sensitive Habitat Area (ESHA). Additionally, the project area is located in the Santa Barbara Channel (Channel), an important migration route for marine mammals, fishes and seabirds. The area also contains diverse and rich assemblages of resident marine flora and fauna. Issues associated with renewal of the lease for the EMT include:

- Its potential adverse effects on the on- and offshore environments in the event of an accidental oil spill or subsequent clean up activities, as well as fisheries losses resulting from discharge, oil spills, vessel traffic or conflicts with vessels;

- The potential for ballast water (if applicable)/barge hull introduction of harmful, non-indigenous species into the surrounding marine environment; and

- The potential for continued barge traffic serving the terminal to, over time, cause deterioration of existing fish or wildlife habitats.

Significance Criteria

An impact on biological resources will be considered significant if any of the following apply:

- There is a potential for any part of the population of a threatened, endangered, or candidate species to be directly affected or if its habitat is lost or disturbed;
- If a net loss occurs in the functional habitat value of: a sensitive biological habitat, including salt, freshwater, or brackish marsh; marine mammal haul-out or breeding area; eelgrass; river mouth; coastal lagoons or estuaries; seabird rookery; or Area of Special Biological Significance;
- There is a potential for the movement or migration of fish or wildlife to be impeded; or
- If a substantial loss occurs in the population or habitat of any native fish, wildlife, or vegetation or if there is an overall loss of biological diversity. Substantial is defined as any change that could be detected over natural variability.

6.1.3 Commercial and Sports Fisheries

The marine resources in the Channel support commercial fisheries, mariculture, and kelp harvesting. Routine operations, spills, and other accidents would affect these activities. In addition, continued barge traffic serving the terminal has the potential, over time, to cause deterioration of existing fish or wildlife habitats, thereby affecting commercial and recreational fishing.

Significance Criteria

An impact to commercial and sport fisheries would be considered significant if:

- There is a potential for project activities to temporarily reduce any fishery in the vicinity by 10 percent or more during a season, or reduce any fishery by 5 percent or more for more than one season;
- There is a potential for project activities to affect kelp and aquaculture harvest areas by 5 percent or more; or
- Harvesting time is lost due to harbor closures, impacts on living marine resources and habitat, and equipment or vessel loss, damage, or subsequent replacement.

6.1.4 Mineral Resources/Energy

The Project and/or alternatives have the potential to affect energy and mineral resources. Energy implications associated with non-renewal of the EMT lease include

consumption of fuel due to other modes (such as truck, train, etc.) of transporting crude oil as well as construction activities should a pipeline alternative be selected.

Significance Criteria

A significant impact would occur if the project would:

- Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state;
- Conflict with the adopted California energy conservation plans; or
- Use non-renewable energy resources in a wasteful and inefficient manner.

6.1.5 Geological Resources

The upland portion of the EMT is located on a coastal marine terrace, approximately 1,800 feet south of the active More Ranch Fault. The facility would be susceptible to damage as a result of an earthquake on this nearby fault or from several other faults active in the area. Extension of the life of the existing facility could result in oil spills due to seismically induced ground failure or other geologic hazards, such as corrosion or excessive coastal erosion. Remediation of such spills would, in turn, potentially cause soil erosion induced water quality impacts to nearby Devereux Slough and the Pacific Ocean.

Significance Criteria

Seismic effects could result in significant hazards to structures when facility design or construction is insufficient. Impacts are considered significant if any of the following conditions apply:

- Settlement of the soil that could substantially damage structural components of the EMT;
- Ground motion due to a seismic event that could induce liquefaction, settlement, or a tsunami that could damage structural components;
- Deterioration of structural components of the EMT due to corrosion, weathering, fatigue, or erosion that could reduce structural stability; or
- Damage to petroleum pipelines and/or valves along the pipeways from any of the above conditions that could release crude oil into the environment.

6.1.6 Hazards and Hazardous Materials

This section will describe those aspects of the existing environment and structural integrity of the facilities that may impact operational safety, or that may be affected by an accident associated with the operation of the offshore portion of the EMT, including the transportation of crude oil and petroleum products to and from the offshore facilities. Additionally, handling petroleum cargoes at a marine terminal includes an inherent risk of accidents that may involve fire, explosions and/or spills. The EIR will address the potential adverse health consequences e.g., exposure to toxic and hazardous substances, fire, explosions or spills in conjunction with continued use of the facility. The analyses will include:

- A review of past and present terminal, barge (with tugboat) and operational characteristics including: throughput quantities and mix; barge size, age and design; frequency of barge visits; terminal and barge personnel requirements; technological advances; terminal management practices; operational condition of the equipment on the barge: and oil spill response capabilities;

- Projection of transportation requirements for crude oil and operational characteristics over the next 10 years;

- Evaluation of alternatives for meeting future oil transportation needs in the safest and least environmentally damaging manner;

- Analysis of existing and proposed federal, state and local laws, regulations, plans and policies affecting marine terminal location and operations;

- Assessment and evaluation of the safety of terminal operations, both human and technological including condition of the chain and anchor systems, as well as pipeline issues such as adequacy of cathodic protection systems, internal/external corrosion, free spanning and vortex shedding; and

- Assessment of the potential risk of terminal related accidents resulting in an oil spill or other damage to the environment and identification of feasible steps for eliminating or minimizing that risk.

Significance Criteria

A hazards and/or hazardous materials impact is considered significant if any of the following apply:

- If the existing facility does not conform to its oil spill contingency plans or other plans that are in effect; or if current or future operations may not be consistent with federal, state or local regulations. Conformance with regulations does not necessarily mean that there are not significant impacts;

- There is a potential for fires, explosions, releases of flammable or toxic materials, or other accidents from the EMT or from barges that could cause injury or death to members of the public;

- Existing and proposed emergency response capabilities are not adequate to effectively mitigate spills and other accident conditions.

Although the potential for oil or product spills will be discussed in this section, the potential impact of spills will also be analyzed in other, appropriate resource-related sections e.g., marine biology, water quality, commercial fisheries, land and recreation uses.

6.1.7 Hydrology, Water Resources and Water Quality

The significance of impacts will be considered in the context of whether EMT operations would likely result in pollutant levels above ambient water quality and sediment levels that would exceed water quality objectives of the Central Coast Regional Water Quality Control Board or the State Water Resources Control Board.

Renewal of the lease could result in oil spills due to geologic hazards, mechanical failure, structural failure, or human error. Such spills could potentially result in water quality impacts to Devereux Slough, shallow groundwater, and the Pacific Ocean. Potential impacts to the marine environment include increased water column turbidity and the introduction of toxic contaminants into the water column.

Significance Criteria

Impacts to marine water quality are considered significant if any of the following apply:

- The water quality objectives contained in the Water Quality Control Plan for the Central Coast are exceeded;

- The water quality objectives in the California Ocean Plan (SWRCB 1997) are exceeded;

- The water quality criteria in the Proposed California Toxics Rule (EPA 1997) are exceeded;

- Project operations or discharges that change background levels of chemical and physical constituents or elevate turbidity producing long-term changes in the receiving environment of the site, area, or region, thereby impairing the beneficial uses of the receiving water occur; or

- Contaminant levels in the water column, sediment, or biota are increased to levels shown to have the potential to cause harm to marine organisms even if the levels do not exceed formal objectives in the Water Quality Control Plan.

6.1.8 Land Use, Planning and Recreation

Continued use of the EMT may have effects on existing and planned land uses in the Ellwood-Devereux coastal area, including existing and potential shoreline and water-related recreational use. As a result of a multi-agency collaborative planning effort, the "Joint Proposal for the Ellwood-Devereux Coast", which outlines a set of linked and comprehensive proposals for residential development, open space and resource protection, and public access, was developed and is currently being used to guide development in the area.

Significance Criteria

Land use/recreational impacts will be considered significant if the project would result in the following:

- Conflicts with adopted land use plans, policies, or ordinances including the "Joint Proposal for the Ellwood-Devereux Coast" document;
- Result in conflicts with planning efforts to protect the recreational resources of the project area;
- Incompatible adjacent land uses as defined by planning documentation; or
- Residual impacts on sensitive shoreline lands, and/or water and non-water recreation due to a release of oil.

6.1.8 Noise

The operation of the EMT produces both mobile and stationary source noise emissions. Mobile source noise emissions may be associated with the operation of the barge when it loads at the offshore portion of the terminal. Stationary source noise may be associated with terminal operations at the mooring and can include the noise associated with the various pumps and operation of a vapor recovery system.

Significance Criteria

A noise impact is considered significant if:

- Noise levels from project operations exceed criteria defined in a noise ordinance or general plan of the local jurisdiction in which the activity occurs or may have direct or indirect affects.

Fire Protection/Emergency (Oil Spill) Response

The CSLC has determined that there is a reasonable possibility of an oil spill occurring from the operation of the EMT and offshore loading facilities during the 10-year lease renewal period. This could have a significant effect on the physical environment and require fire protection and emergency response services.

Significance Criteria

Impacts to fire protection and emergency response services would be considered significant if:

- Continued operation of the project creates the need for one or more additional personnel to maintain the current level of fire protection and emergency response services.

6.1.9 Vehicular and Rail Transportation

The Project is not expected to have significant effects on transportation or circulation in the area. However, the potential for impacts associated with routine operations and accident conditions during the transport of product for one or more of the alternatives will be examined.

Significance Criteria

Traffic impacts would be considered significant if any of the following apply:

- Project traffic or construction of the alternatives must use an access road that is already at or exceeds Level of Service (LOS) E or brings a roadway down to LOS E;

- Project traffic or construction of the alternatives would result in a substantial safety hazard to motorists, bicyclists, or pedestrians;

- The proposed Project or construction of alternatives would restrict one or more lanes of a primary or secondary arterial during peak-hour traffic, thereby reducing its capacity and creating congestion; and/or

- Project implementation results in insufficient parking.

6.1.10 Cultural Resources

The CEQA Guidelines (Section 15064.5) define "historical resources" as follows:

> Any object, building, structure, site, area, place, record, or manuscript which a lead agency determines to be historically significant or significant in the

architectural, engineering, scientific, economic, agricultural, educational, social, political, military, or cultural annals of California may be considered to be an historical resource, provided the lead agency's determination is supported by substantial evidence in the light of the whole record. Generally, a resource shall be considered by the lead agency to be "historically significant" if the resource has integrity and meets the criteria for listing on the California Register of Historical Resources as follows:

(A) Is associated with events that have made a significant contribution to the broad patterns of California's history and cultural heritage;
(B) Is associated with the lives of persons important in our past;
(C) Embodies the distinctive characteristics of a type, period, region, or method of construction, or represents the work of an important creative individual, or possesses high artistic values; or
(D) Has yielded, or may be likely to yield, information important in prehistory or history.

Significance Criteria

Thresholds of significance for cultural resource impacts for the project are defined as situations where construction or operation of the project could:

- Result in damage to, the disruption of, or adversely affect a property that is listed in the California Register of Historical Resources (CRHR) or a local register of historical resources as per Section 5020.1 of the Public Resources Code.

- Cause damage to, disrupt, or adversely affect an important prehistoric or historic archaeological resource such that its integrity could be compromised or eligibility for future listing on the CRHR diminished.

- Cause damage to or diminish the significance of an important historical resource such that its integrity could be compromised or eligibility for future listing on the CRHR diminish.

6.1.11 Environmental Justice

The CSLC developed and adopted an Environmental Justice Policy to ensure equity and fairness in its own processes and procedures. This policy stresses equitable treatment of all members of the public and commits to consider environmental justice in its processes, decision-making, and regulatory affairs which is implemented, in part, through identification of, and communication with, relevant populations that could be adversely and disproportionately impacted by CSLC projects or programs, and by ensuring that a range of reasonable alternatives is identified that would minimize or eliminate environmental impacts affecting such populations.

This portion of the EIR will analyze the distributional patterns of high-minority and low-income populations on a regional basis. The analysis will focus on whether the proposed Project's impacts will have the potential to affect area(s) of high-minority population(s) and low-income communities disproportionately, thereby creating an adverse environmental justice impact.

Significance Criteria

An environmental justice impact would be considered significant if the proposed Project would:

- Have a potential to disproportionately impact minority and/or low-income populations at levels exceeding the corresponding medians for the County in which the project is located; or

- Result in a substantial disproportionate decrease in the employment and economic base of minority and/or low-income populations residing in the County and/or immediately surrounding cities.

6.2 CUMULATIVE PROJECTS

Although vessels in transit are not the responsibility of Venoco, an accidental spill/release of oil in the area could occur. Therefore, in accordance with the CEQA section 15130, the EIR will discuss the cumulative impacts of the proposed Project and address the likelihood of occurrence and severity of the potential impacts. The EIR will discuss other marine terminals operating in the area, foreseeable projects in the general vicinity, and projects in or near shipping lanes utilized by the barge Jovalan (used by Venoco to transport crude oil to the Port of Los Angeles area).

6.3 PRELIMINARY LISTING OF ALTERNATIVES TO BE ADDRESSED IN THE EIR

The development of this portion of the EIR will utilize an alternative screening analysis which will: evaluate a reasonable range of alternatives, provide the basis for selecting alternatives that are feasible and reduce significant impacts associated with the proposed Project, and provide a detailed explanation of why other alternatives were rejected from further analysis.

The alternatives analysis may, in addition to the No Project Alternative, identify one or more of the following for further development. However, these are not to be considered a final determination of feasible alternatives that would be analyzed in the EIR.

6.3.1 No Project/No Action Alternative

Under the No Project Alternative, Venoco's lease would not be renewed and the existing marine terminal would be abandoned in place or removed. A decision to remove or abandon the marine terminal will be the subject of a subsequent

application to the CSLC and subject to appropriate environmental review. For the purposes of the EIR, potential impacts of decommissioning are to be discussed only briefly.

6.3.2 Construct a New Pipeline Alternative

The impacts associated with transporting crude oil to the Exxon-Mobil SYU facilities via a newly constructed pipeline will be evaluated.

6.3.3 Truck/Train Alternative

The impacts of transporting crude oil using rail and truck transportation may be assessed. This alternative would review proximity to existing rail lines and the effect of constructing handling facilities. Truck routes and the impact on existing levels of service, safety, etc., would be addressed as part of the truck alternative.